

# WEATHER FORECAST.

Fair and cold to-day; to-morrow fair with  
slowing rising temperature.  
Highest temperature yesterday, 22; lowest, 10.  
Detailed weather reports will be found on editorial page.

VOL. LXXXVI.—NO. 148—DAILY.

NEW YORK, WEDNESDAY, JANUARY 25, 1922.

ENTERED AS SECOND CLASS MATTER.  
POST OFFICE, NEW YORK, N. Y.

PRICE TWO CENTS

THREE CENTS  
WITHIN 300 MILES  
FOUR CENTS ELSEWHERE

## BONUS IMPERILS TREASURY, MELLON WARNS CONGRESS

Only New and Heavy Taxes  
Can Meet It, He  
Asserts.

## FEARS BOOST IN DEBT Dangerous Inflation Would Follow Increase, Declares Treasury Head.

CITES VETERANS ITEM  
Finds \$450,000,000 Being  
Spent Yearly for Them Is  
Second on List.

Special Dispatch to THE NEW YORK HERALD.  
New York Herald Bureau,  
Washington, D. C., Jan. 24.

Secretary of the Treasury Mellon told the Ways and Means Committee of the House and the Finance Committee of the Senate today that bonus legislation at this time—by whatever means paid—would be a serious if not disastrous drain upon the Treasury, upon the nation and upon the people. Secretary Mellon made these points:

The Treasury faces a deficit for the current fiscal year of \$24,000,000. For the fiscal year 1923 it faces a deficit of \$167,000,000 on the basis of the budget, with a probable \$112,000,000 additional in items not carried in the budget, but to be appropriated by Congress.

Taxes on the present basis are too onerous for the country's good. Expenditures must be reduced still further—not increased.

The Government faces a heavy shrinkage in receipts, this shrinkage being faster than the lessening of expenditures by the great economies effected.

Veterans Getting \$450,000,000.

Veterans of the war are not now being stinted. In all \$450,000,000 a year is being spent for their relief. This is more than any other single item of Government outgo except interest on the public debt.

It would be dangerous in the extreme to attempt to finance the expenditures involved in the bonus through new borrowing.

If the Government should greatly increase the public debt, inflation and higher money rates would prejudice business and industry and the Treasury's own refunding program.

The Treasury faces a serious situation in the refunding of six and a half billion dollars of war debt, and this cannot be done if the process is embarrassed by other operations.

If bonus legislation is adopted, new and extraordinary taxes must be simultaneously provided to pay for it. On the present basis an additional \$300,000,000 is needed to balance the budget.

Most conservative estimate is that the bonus would cost \$3,330,000,000 and possibly cost \$5,250,000,000. The estimated minimum payment for the first two years is \$350,000,000, with a probable \$1,000,000,000.

Use of foreign debt is impracticable and too costly.

Secretary Mellon's letter was sent in response to a request from Chairman Fordney of the Ways and Means Committee of the House asking his view on behalf of the committee with regard to the outlook for Government finances and suggestions or recommendations as to legislation.

Tacked to Debt Bill.

After the Mellon letter was received, but before its contents had been made generally known in both houses, Senator Simmons (N. C.) tacked the McCumber bonus measure on the foreign debt refunding bill as an amendment. He sought to provide payment through sale or conversion of the foreign debt.

Secretary Mellon made no tax suggestions or recommendations, but presented exhibits showing the condition of the Treasury and the public debt. He closed with the statement that he presented such an extended analysis that the Congress might have before it in definite form "the facts as to what financial consequences the soldiers' bonus would entail and what added burdens it would inevitably place upon the country."

Secretary Mellon's letter follows: "It appears that for 1922 the budget estimates indicate a deficit of over

Continued on Page Six.

FLORIDA—NEW EAST TRAIN—3:40 P. M. All East and West Coast Trains. Boarding Air Line 12:15, 12:30, 12:45, 1:00, 1:15, 1:30, 1:45, 2:00, 2:15, 2:30, 2:45, 3:00, 3:15, 3:30, 3:45, 4:00, 4:15, 4:30, 4:45, 5:00, 5:15, 5:30, 5:45, 6:00, 6:15, 6:30, 6:45, 7:00, 7:15, 7:30, 7:45, 8:00, 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00, 10:15, 10:30, 10:45, 11:00, 11:15, 11:30, 11:45, 12:00, 12:15, 12:30, 12:45, 1:00, 1:15, 1:30, 1:45, 2:00, 2:15, 2:30, 2:45, 3:00, 3:15, 3:30, 3:45, 4:00, 4:15, 4:30, 4:45, 5:00, 5:15, 5:30, 5:45, 6:00, 6:15, 6:30, 6:45, 7:00, 7:15, 7:30, 7:45, 8:00, 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00, 10:15, 10:30, 10:45, 11:00, 11:15, 11:30, 11:45, 12:00, 12:15, 12:30, 12:45, 1:00, 1:15, 1:30, 1:45, 2:00, 2:15, 2:30, 2:45, 3:00, 3:15, 3:30, 3:45, 4:00, 4:15, 4:30, 4:45, 5:00, 5:15, 5:30, 5:45, 6:00, 6:15, 6:30, 6:45, 7:00, 7:15, 7:30, 7:45, 8:00, 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00, 10:15, 10:30, 10:45, 11:00, 11:15, 11:30, 11:45, 12:00, 12:15, 12:30, 12:45, 1:00, 1:15, 1:30, 1:45, 2:00, 2:15, 2:30, 2:45, 3:00, 3:15, 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